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CURTISS WRIGHT

1969 ANNUAL REPORT

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CURTISS WRIGHT Financial Highlights

Performance:	1969	1968
Sales	$295,009,359	$200,068,388
Depreciation on plant and equipment	$ 8,539,000	$ 6,379,000
Provision for federal and foreign income taxes	$ 6,800,000	$ 8,500,000
Net earnings	$ 12,273,971	$ 11,753,587*
Net earnings per average common share	$ 1.36	$ 1.30*
Unshipped customers' orders on hand at year-end	$292,273,000	$179,995,000

Year-End Financial Position:

Current assets in excess of current liabilities	$ 91,072,968	$ 96,104,703*
Stockholders' equity	$170,969,745	$166,199,148*
Shares of stock held by stockholders at December 31:		
$4.50 Series A Cumulative Convertible Preferred	—	1,000
Class A	517,513	517,745
Common	8,299,158	6,500,000
Stock dividend, January, 1969	—	1,625,000

Financial Ratios and Other Data:

Ratio of current assets to current liabilities	2.2 to 1	2.9 to 1*
Dividends paid per share:		
$4.50 Series A Cumulative Convertible Preferred	—	$4.50
Class A	$2.00	$2.00
Common	$1.00	$ .80
Number of stockholders	60,492	58,562
Number of employees	12,362	9,356
Salaries and wages paid to our employees	$109,825,000	$ 82,975,000

**Restated—See notes 1 and 3 to financial statements.*

To the Stockholders of Curtiss-Wright Corporation:

T. ROLAND BERNER, Chairman and President

Results for the year 1969, I am pleased to report to you, showed increases over 1968 in earnings, sales, new orders and backlog.

Consolidated earnings per share were $1.36 in 1969, compared with $1.30 in 1968, restated to include Dorr-Oliver (of which Curtiss-Wright now owns 57% of the voting stock.) These results were achieved despite adverse business factors, including a marked softening of the aerospace market which had a dramatic impact on many aerospace and industrial companies. Consolidated net earnings were $12,274,000, compared with a restated $11,754,000 for 1968.

Consolidated sales for 1969 were $295,009,000, compared with $200,068,000 for 1968. Consolidated new orders for 1969 were $351,642,000, compared with $215,605,000 in 1968.

Consolidated backlog increased to a 1969 year-end figure of $292,273,000, compared with $179,995,000 in 1968.

For Curtiss-Wright alone, not including Dorr-Oliver, earnings for 1969 were $1.50 per share versus $1.46 per share in 1968. Curtiss-Wright shipments in 1969 were $209,050,000, compared with $200,068,000 in 1968. New orders in 1969 were $260,172,000, compared with $215,605,000 in the previous year. Backlog at the end of 1969 was $231,116,000, compared with $179,995,000 at the end of 1968.

Cash dividends paid by your Corporation to its Common stockholders were $8,293,000 in 1969, compared with $6,498,000 in 1968.

An analysis of consolidated backlog reflects the changing nature of Curtiss-Wright. While our 1969 shipments and earnings continued to be generated principally in the aerospace market, products in the nuclear and industrial groupings will clearly play an increasingly important role in Curtiss-Wright's future. At year's end, the consolidated backlog broke down into 49% for aerospace products, 29% for nuclear products and 22% for industrial products, the latter including the backlog of Dorr-Oliver and its subsidiaries. Thus, nuclear and industrial products constitute more than half of consolidated backlog, a substantial increase over previous years.

To the Stockholders of Curtiss-Wright Corporation: (Continued)

Looking ahead to 1970, we are faced with many uncertainties in the economy. In addition to the general economic slowdown, with which stockholders are familiar, the substantial cuts in the Defense budget and the resultant stretch-outs in many aerospace programs will, it is expected, result in a lower volume than would otherwise have been anticipated for 1970. Perhaps more important, there will be a slower recoupment of start-up costs for several major programs in which your company is involved. Accordingly, your Company recognizes that results in 1970 may fall short of those achieved in 1969.

In 1969, the Corporation committed investments of over $28 million to plant expansion and new technology machine tools and equipment. The most significant of these investments was approximately $16 million committed to equipping one of our present buildings and constructing and equipping a second building for the manufacture of nuclear components. To date, we have appropriated a total of approximately $23 million for capital expenditures for nuclear component production facilities alone.

With the softening of the aerospace market, substantial energies of your Corporation in the latter half of 1969, and in 1970 to date, have been devoted to an extensive study of reduction of various elements of cost. Other studies have been undertaken of smaller elements of your Corporation's activities which are not integral to our future plans and profits.

Your Management believes that, through careful planning, it has postured your company to take advantage of increased opportunities in the nuclear field, in the strengthening of Dorr-Oliver's traditional position in the manufacture of systems and components for process industries and in the widely publicized fields vital to the advancement of Federal and State programs to abate pollution and enhance our environment.

We are continually studying new opportunities for internal and external growth and for the improvement of our market position in those market segments where we are already established. We will continue programs to further enhance our technological and productive capacities, with great care in the allocation of our strategic funds in building for future growth. Our advanced management systems have been further developed. We will continue to emphasize long-term growth even, if necessary, at the expense of short-term earnings.

We wish to express our appreciation for the cooperation we have received from shareholders, employees, customers and vendors, whose support we shall be working to continue to merit in the future.

Sincerely,

T Roland Berner

T. Roland Berner
Chairman and President
Curtiss-Wright Corporation
March 20, 1970

Financial Review

In February, 1969, your Corporation acquired majority voting control of Dorr-Oliver Incorporated and the 1969 financial statements include for the first time the accounts of Dorr-Oliver and its subsidiaries. The 1968 financial statements do not include Dorr-Oliver, except for the adjustment necessary to reflect the Corporation's equity in Dorr-Oliver's 1967 and 1968 operations due to the acquisition of Dorr-Oliver stock in those years. In the following sections of this review consolidated amounts for 1969 include Dorr-Oliver.

Revenues

Consolidated revenues for 1969 were $306,715,798, compared with $207,705,240 in 1968. Revenues of Curtiss-Wright alone for 1969 were $219,043,525, an increase of $11,338,285 over 1968 revenues. Consolidated sales increased to $295,009,359 in 1969, from $200,068,388 in 1968, and were the highest reported since 1959. Chart I shows consolidated sales for the last five years.

Earnings

Consolidated net earnings for 1969 of $12,273,971 compare with restated net earnings of $11,753,587 for 1968. See Chart 2 for a graphic display of consolidated net earnings for the five years to December 31, 1969. Consolidated net earnings per share increased to $1.36 for 1969, from $1.30 for 1968 as restated.

Dividends

The common stock dividend declared on December 11, 1968, was paid on January 24, 1969, when 1,625,000 common shares were issued to stockholders. Cash dividends declared and paid during 1969 totaled $9,328,506, compared with $7,708,023 in 1968. In 1969, common stockholders received $8,293,341 and Class A stockholders received $1,035,165. Per share dividends in 1969 were $1.00 on common stock and $2.00 on Class A stock.

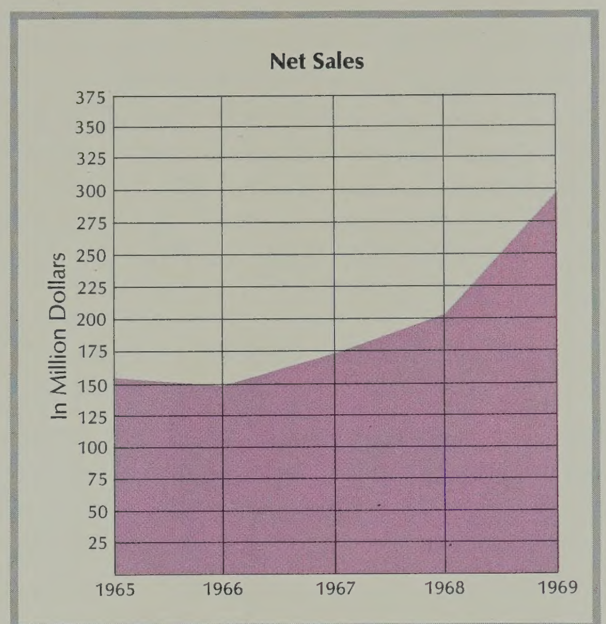

CHART 1

Backlog

Backlog rose for the fifth consecutive year to $292,273,000 on a consolidated basis and to $231,116,000 for Curtiss-Wright alone at December 31, 1969, compared to $179,995,000 at the end of 1968. This represents an increase for Curtiss-Wright alone of 28% over backlog at the beginning of the year. Chart 3 depicts the rise in consolidated year-end backlog over the last five years.

New Orders

Consolidated new orders increased to $351,642,000 in 1969. For Curtiss-Wright alone, new orders entered in 1969 rose to $260,171,000, an increase of 20% over new orders of $215,605,000 in 1968. The increase in consolidated new orders over the last five years is shown in Chart 4.

Capital Authorizations

During 1969, a total of $28,184,000 was appropriated for new plant and equipment, bringing the total of funds committed during the last three years for plant expansion and new machine tools and equipment to $78,832,000. (See Chart 5)

Working Capital

At the end of 1969, total current assets exceeded total current liabilities by $91,072,968, compared with $96,104,703 at the end of 1968. The ratio of current assets to current liabilities was 2.2 to 1 at the end of 1969, compared with 2.9 to 1 at the end of 1968. The largest single factor contributing to the net decrease of $5,031,735 in working capital during 1969 was the continued investment in new plant and equipment with actual expenditures exceeding $21,000,000 during the year.

Payroll

Salaries and wages, exclusive of fringe benefits, were $109,825,000 in 1969, compared

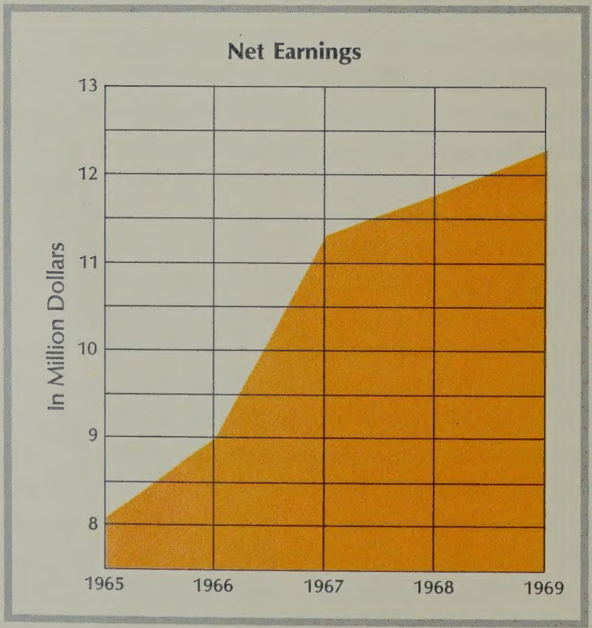

CHART 2

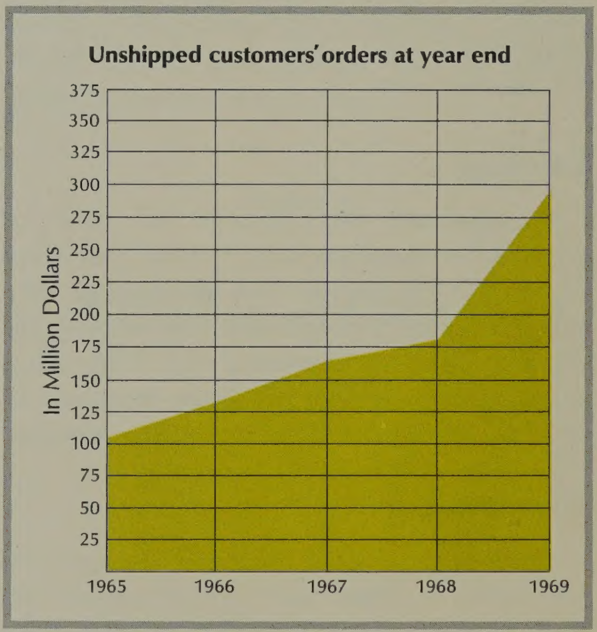

CHART 3

with $82,975,000 in 1968. For Curtiss-Wright alone, salaries and wages in 1969 were $88,826,000, an increase of $5,851,000 over 1968. At December 31, 1969, Curtiss-Wright consolidated had 12,362 employees, of whom 9,162 were employed by Curtiss-Wright alone, compared with 9,356 at the end of 1968. Dollars of sales per employee were $23,864 in 1969 on a consolidated basis. For Curtiss-Wright alone, dollars of sales per employee rose to $22,817 in 1969 from $21,384 in 1968.

Capital Structure

At our last annual meeting in April 1969, the number of shares of common stock authorized was increased by our stockholders from 10 million to 25 million shares to provide for future expansion and diversification of the business of the Corporation. None of these additional shares has been issued.

During 1969, the remaining 1,000 shares of $4.50 Series A Cumulative Convertible Preferred stock were converted into common shares and the $4.50 Series A Preferred stock in the treasury was retired.

In January, 1969, 1,625,000 shares of common stock were issued in payment of the 25% stock dividend. The effect of this stock dividend on the Corporation's capital structure was reflected in the 1968 financial statements.

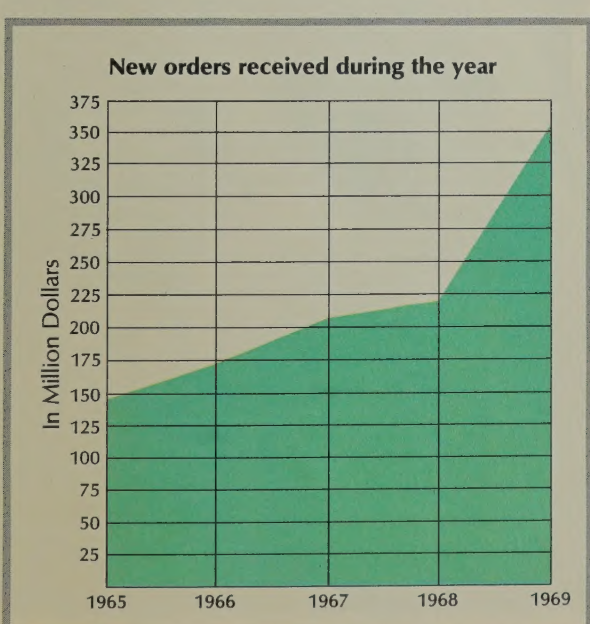

CHART 4

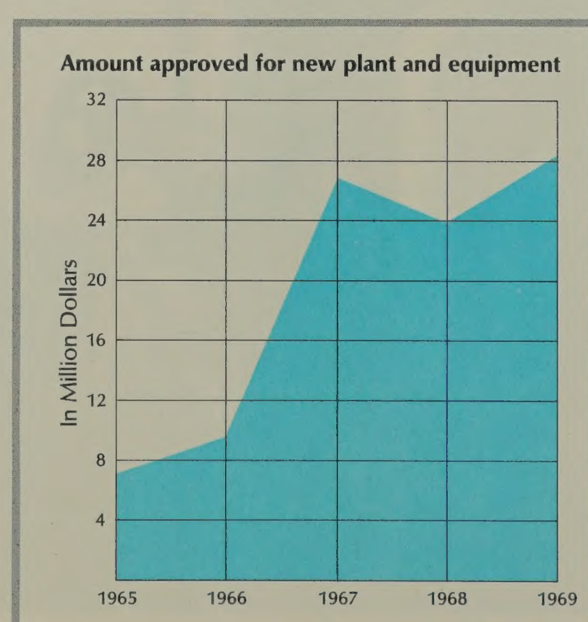

CHART 5

The Changing Nature of CURTISS WRIGHT

For the first time in its history, products other than those traditionally manufactured for the aerospace industry constitute more than half of the unfilled orders of Curtiss-Wright. Approximately 51% of your Company's backlog, as of December 31, 1969, was comprised of orders of $85,452,000 for nuclear products and components and commitments for industrial products of $64,213,000, the bulk of the latter representing the backlog of Dorr-Oliver. This is a substantial increase in the combined nuclear and industrial backlog over any previous year.

To produce this large backlog of nuclear components and devices, your Company committed, in 1969, to a second major manufacturing facility, in addition to the 190,000 sq. ft. building previously completed and equipped in the Wood-Ridge, New Jersey, area. This new nuclear facility is a 100,000 sq. ft. building, including a two-story office section, presently under construction for the production of non-fissionable steel nuclear components.

These investments have been further justified by a substantial build-up in early 1970 of the

At the end of 1969, Curtiss-Wright backlog for nuclear components climbed to $85,453,000, 29% of the Company's total—a substantial increase over 1968.

backlog of nuclear components to be produced in these facilities.

In addition, the Target Rock subsidiary is moving to a new location on Long Island, where its capabilities will be expanded to provide for increased production and development work on nuclear valves and other devices.

The Dorr-Oliver subsidiary—headquartered in Stamford, Connecticut—is a worldwide organization whose traditional capabilities have assumed added importance with the recent emphasis being placed on programs to reduce pollution and improve environmental conditions. Through its ownership in Dorr-Oliver, Curtiss-Wright will participate in several new and promising industrial fields. These include water management systems for municipalities and the supply of process equipment and systems to industry. Dorr-Oliver, through wholly and partially-owned subsidiaries, operates on every continent of the world.

This transition to greater emphasis on the nuclear and industrial fields will inevitably have some short term impact on earnings. But your management believes that as a result of the new opportunities in these new markets, Curtiss-Wright can emerge a stronger enterprise—a company with greater diversification within its physical facilities, capabilities and advanced technologies.

The realization of this objective of greater diversification will involve further refinement and application of our advanced management systems, as well as the implementation of training programs for our personnel.

Dorr-Oliver—a Curtiss-Wright subsidiary—operates on every continent of the world; places Curtiss-Wright in new fields with high future potential.

Aerospace products continue to be important in your Company's business, although it is widely recognized that reductions in the requirements of the military establishments and stretch-outs, both in military and commercial procurement, are seriously affecting the aerospace industry and the general economy. In 1969, Curtiss-Wright, as a first tier supplier, made important contributions to bringing advanced military and commercial aircraft into production or closer to production. These contributions included profile-milled and extruded airframe structures . . . actuation systems for military combat and cargo aircraft and the new generation of jet liners . . . gears and gear

When new generation, advanced military and commercial jet aircraft are placed in production, practically all will incorporate products of Curtiss-Wright manufacture.

systems for power transmissions . . . and parts and components for engines of high output.

It can be said with assurance that when new jet liners now being built or about to be built come on-stream, "Practically none will take-off without Curtiss-Wright components or systems". Among the advanced new military and commercial aircraft programs in which Curtiss-Wright is participating are the C5 Galaxy U.S. Air Force Cargo Transport, the Grumman F14 U.S. Navy Fighter, the Boeing 737, Boeing 747 Superjet, the McDonnell Douglas DC10 and the Lockheed 1011 Tri-Star transport.

As a result of the softening of the aerospace market, start-up costs on many aerospace programs will be recovered more slowly. As a consequence, various cost-reduction programs have been implemented and others are under further study.

A new plant for the production of profile-milled components was placed in operation during 1969 at Smithtown, L.I., N.Y. New facilities were also established for sophisticated shot-peening, a process important in improving the surface of metals and in forming metal surfaces, such as aircraft wings. New shot-

peening units established in 1969 are now in operation in Toronto, Canada; Farmingdale, Long Island; the Los Angeles area and the Cincinnati, Ohio, area. Added units will be opened in major cities in 1970 and surveys are being made of markets and locations in Europe.

Exploratory development work continues under a contract with the U. S. Navy on a heavy fuel, air-cooled version of the Curtiss-Wright RC (Wankel-type) engine. During 1969, your Company participated in a joint program with Lockheed to test a lightweight, low-noise-level reconnaissance aircraft known as the Q-Star. This purely experimental development marked the first time that a liquid-cooled Wankel-type engine had flown in a powered aircraft anywhere in the world. Curtiss-Wright has made major contributions to bringing the Wankel-type engine to the point where it can be a viable power plant for future automotive, marine, industrial and light aircraft use.

Also during 1969, your Company entered the industrial gas generator market with first sales of aircraft jet engine derivatives. These power plants are being offered for sale for a wide variety of industrial gas generator purposes, including public utilities, pipeline pumping and process industries.

To land investments in Nevada, California, New Jersey and Long Island, was added, in the last quarter of 1969, a 600-acre parcel in Manatee County, Florida. Planned for this project are a marine-oriented community with waterfront lots for private dwellings, condominiums and rental apartments, a resort motel and shopping center and marina and club for residents. Curtiss-Wright's real estate investments continue to appreciate in value and offer a future source of profits for your Company. New opportunities in this field are continually under study.

The year 1970 will be one of problems and of great challenge. We anticipate adjustments to meet general economic conditions, the slow-down in the aerospace industry and a changing product mix. However, your management believes that the year ahead can continue for Curtiss-Wright the trend to greater diversification and further establish a foundation for the longer term in new areas.

Metal Improvement Company, a wholly-owned subsidiary, placed new plants in operation in strategic industrial centers in 1969 and plans additional regional units for 1970.

Curtiss-Wright Corporation and Subsidiaries

Consolidated Statements of Earnings

for the years ended December 31, 1969 and 1968

	1969	1968
REVENUES:		
Sales	$295,009,359	$200,068,388
Rentals and gain on sales of real estate and equipment	5,972,493	2,201,038
Interest, dividends and gain on sales of marketable securities	4,358,978	4,802,758
Fees, commissions and other income, net	1,374,968	633,056
	306,715,798	207,705,240
COSTS AND EXPENSES:		
Product and engineering	245,396,452	165,878,012
Selling and service	15,430,711	7,122,062
Administrative and general	24,625,059	12,132,053
Interest	3,215,970	1,110,454
Minority interest in net loss and preferred dividends of subsidiaries	(1,026,365)	(80,622)
Equity in net loss and preferred dividends of unconsolidated subsidiary	—	1,289,694
	287,641,827	187,451,653
Earnings before federal and foreign income tax provisions	19,073,971	20,253,587
Provision for federal and foreign income taxes	6,800,000	8,500,000
NET EARNINGS	$ 12,273,971	$ 11,753,587
Net earnings per average share outstanding	$1.36	$1.30

See notes to financial statements.

Curtiss-Wright Corporation and Subsidiaries

Consolidated Statements of Source and Application of Funds

for the years ended December 31, 1969 and 1968 (In thousands of dollars)

Source of Funds:	**1969**	**1968**
Funds provided from operations:		
Net income	$12,274	$11,754
Depreciation and amortization	8,539	6,379
Noncurrent deferred income taxes	249	1,000
Minority interest in net loss and preferred dividends of subsidiaries	(1,026)	(81)
Equity in net loss and preferred dividends of unconsolidated subsidiary	—	1,289
	20,036	20,341
Working capital of Dorr-Oliver, Inc. at beginning of year	11,323	—
Increase in long-term debt	633*	18,568
Increase in minority interest due to sales of stock by subsidiaries	2,266*	—
Proceeds from sales of stock under the Restricted Stock Purchase Plan	1,021	—
Federal income taxes recoverable	—	6,928
Settlement of 1953 federal income tax	—	8,625
	35,279	54,462
Application of Funds:		
Additions to property, plant and equipment, net of retirements	21,886*	33,526
Cash dividends paid	9,329	7,708
Treasury stock acquired	—	6,371
Additional investment in Dorr-Oliver, Inc. ($8,723 in 1969, investment eliminated upon initial consolidation)	—	15,236
Increase in other assets and other changes, including in 1969 net transfers of $7,884 from current assets	9,096*	684
	40,311	63,525
Decrease in working capital	$ 5,032	$ 9,063

**Excludes January 1, 1969 balances of Dorr-Oliver Incorporated.*

See notes to financial statements.

Curtiss-Wright Corporation and Subsidiaries

Consolidated Balance Sheets

Assets:	1969	1968
Cash	$ 5,860,144	$ 4,171,368
Time deposits	4,461,849	—
Marketable securities, at cost or less; at market quotations: 1969, $23,382,000; 1968, $58,015,000	24,863,991	56,541,888
Receivables, including receivables from U.S. Government: 1969, $13,506,198; 1968, $10,016,943	66,950,203	32,257,237
Inventories, at the lower of average cost or market	56,760,809	42,529,705
Federal income taxes recoverable	8,484,341	10,413,483
Prepaid expenses	1,535,624	1,188,475
Total current assets	168,916,961	147,102,156
Investment in affiliates	7,270,668	23,857,975
Property, plant and equipment, at cost:		
Land	5,703,737	5,126,315
Buildings and improvements	47,052,028	36,722,405
Machinery, equipment and other	118,630,983	96,478,248
	171,386,748	138,326,968
Less, Accumulated depreciation and amortization	86,993,589	74,944,048
	84,393,159	63,382,920
Other assets	18,753,016	6,296,218
Excess of cost of investment in subsidiaries over equity in net assets acquired	10,805,331	—
	$290,139,135	$240,639,269

See notes to financial statements.

as of December 31, 1969 and 1968

Liabilities:	1969	1968
Notes payable	$ 10,972,900	$ 9,785,768
Accounts payable and accrued expenses	41,690,875	23,401,085
Federal and foreign income taxes	3,664,366	6,850,435
Advances on contracts	10,474,474	3,379,646
Other liabilities	11,041,378	7,580,519
Total current liabilities	77,843,993	50,997,453
Long-term debt	26,554,392	19,911,353
Minority interest in subsidiaries	12,121,214	1,130,527
Deferred federal income taxes	2,649,791	2,400,788
Stockholders' Equity:		
Capital stock, $1 par value:		
$4.50 Series A Cumulative Convertible Preferred stock	—	75,100
Class A stock	589,813	590,045
Common stock	9,421,001	9,420,713
Capital surplus	60,004,635	60,609,145
Retained earnings	138,178,482	141,360,698
	208,193,931	212,055,701
Less, Cost of treasury stock	37,224,186	45,856,553
	170,969,745	166,199,148
	$290,139,135	$240,639,269

See notes to financial statements.

Curtiss-Wright Corporation and Subsidiaries

Consolidated Statements of Retained Earnings and Capital Surplus

for the years ended December 31, 1969 and 1968

Retained Earnings:	**1969**	**1968**
BALANCE AT BEGINNING OF YEAR:		
As previously reported	$142,897,218	$181,436,960
Less, Equity in prior years' net losses and preferred dividends of a subsidiary in which a majority stock interest was acquired in 1969	1,536,520	246,826
As restated	141,360,698	181,190,134
NET INCOME FOR THE YEAR	12,273,971	11,753,587
	153,634,669	192,943,721
DEDUCT:		
Cash dividends on:		
$4.50 Series A Cumulative Convertible Preferred stock, $4.50 per share in 1968	—	171,225
Class A stock, $2 per share in each year	1,035,165	1,038,488
Common stock, $1 per share in 1969 and $.80 in 1968 after adjustment for the 25% stock dividend paid January 24, 1969	8,293,341	6,498,310
	9,328,506	7,708,023
Fair market value of 1,625,000 shares issued in connection with 25% stock dividend paid January 24, 1969	—	43,875,000
Excess of cost over par value of $4.50 Series A Preferred stock removed from treasury and retired	6,127,681	—
	15,456,187	51,583,023
BALANCE AT END OF YEAR	$138,178,482	$141,360,698

Capital Surplus:		
BALANCE AT BEGINNING OF YEAR	$60,609,145	$18,359,145
ADD:		
Excess of fair market value over par value of shares issued in connection with 25% common stock dividend paid January 24, 1969	—	42,250,000
Excess of fair market value over cost of 9,120 shares of treasury common stock issued under the Modified Incentive Compensation Plan	55,325	—
	60,664,470	60,609,145
DEDUCT:		
Excess of cost over discounted value of treasury common stock issued under the Restricted Stock Purchase Plan	647,056	—
Excess of cost over fair market value of 3,750 shares of treasury common stock issued in conversion of 1,000 shares of $4.50 Series A Preferred stock	12,779	—
	659,835	
BALANCE AT END OF YEAR	$60,004,635	$60,609,145

See notes to financial statements.

Notes to Financial Statements

1. Principles of Consolidation. The financial statements present on a consolidated basis the accounts of the Corporation and all majority owned subsidiaries, including for the first time in 1969 the accounts of Dorr-Oliver Incorporated and its subsidiaries. The accounts of Dorr-Oliver's overseas subsidiaries are for the fiscal year ended September 30.

As previously reported, at December 31, 1968, the Corporation's investment in Dorr-Oliver of $17,927,464, representing the cost of a 45% interest in the total voting stock outstanding, was stated at cost in the consolidated balance sheet. The Corporation acquired majority voting control of Dorr-Oliver in February, 1969 and has adjusted the investment account at December 31, 1968 to reflect its equity in the net losses and preferred dividends of Dorr-Oliver from the acquisition dates of the stock purchased. Accordingly, the accompanying 1968 financial statements have been restated to reflect this adjustment which had the effect of reducing previously reported retained earnings at December 31, 1968 by $1,536,520 and net income for the year 1968 by $1,289,694 ($.16 per common share).

2. Inventories. Inventories are net of progress payments of $11,756,484 in 1969 and $11,647,741 in 1968 from the U.S. Government on uncompleted contracts. The government has a lien on related inventories for these progress payments.

3. Federal and Foreign Income Taxes. The Corporation follows the practice of reducing the annual provision for federal income taxes by the entire amount of investment tax credits allowed which was $1,224,000 in 1969 and $940,000 in 1968.

Deferred federal income taxes have been provided in recognition of timing differences in reporting certain items of income and expense in the Corporation's financial statements and tax returns. In accordance with current pronouncements of the Accounting Principles Board, the tax effect of these timing differences have been reflected on the accompanying balance sheets as net current deferred taxes ($2,584,000 and $3,278 000 at December 31, 1969 and 1968, respectively included in federal income taxes recoverable) and net noncurrent deferred taxes. For comparative purposes, federal income taxes recoverable, deferred, and liability for federal income taxes as previously reported at December 31, 1968 have been reclassified.

The effect of deferred taxes on the provisions for income taxes in the accompanying statements of earnings is as follows:

	1969	1968
Taxes currently payable	$8,100,000	$7,500,000
Increase (decrease) in deferred taxes	(1,300,000)	1,000,000
	$6,800,000	$8,500,000

4. Investment in Affiliates. At December 31, 1969, investment in affiliates of $7,270,668 represents the cost of investment in 241,341 shares of common stock of Lynch Corporation, $4,700,000 principal amount of Lynch's $3\frac{7}{8}$% Convertible Notes, and warrants to purchase Lynch common stock. The Convertible Notes mature $200,000 annually 1970 to 1975 and $3,500,000 in 1976 and are convertible at any time prior to maturity into shares of Lynch's common stock at a conversion price of $11.00 per share, subject to adjustment. The warrants, exercisable at any time prior to October, 1976, entitle the holder to purchase 500,000 common shares at a purchase price of $11.00 per share, subject to adjustment. At December 31, 1968, investment in affiliates also includes investment in stock of Dorr-Oliver Incorporated (see Note 1).

5. Long-Term Debt. The Corporation has a long-term revolving credit agreement with a group of banks under which the Corporation may borrow up to $30,000,000. The agreement provides for repayment of principal in 20 equal consecutive quarterly installments commencing April 1, 1971, and for interest at a fluctuating rate equal to $\frac{1}{4}$% per annum above the prime rate. Among other covenants, the terms of the agreement require the Corporation to maintain consolidated working capital of at least $35,000,000 and to maintain consolidated net worth of at least $60,000,000 in excess of long-term debt as defined. At December 31, 1969, long-term debt, less amount included in current liabilities, comprises:

Notes owed to various banks under the above cited credit agreement	$21,000,000
$5\frac{1}{4}$% note payable by a subsidiary, due in annual installments of $232,000	2,304,000

5½% note payable by a subsidiary, due in annual installments of $336,000	1,312,000
Note payable by a subsidiary, due in annual installments of $200,000, with interest at ½% per annum above the prime rate ...	700,000
Other long-term mortgages and notes	1,238,392
	$26,554,392

6. Capital Stock. Capital stock comprises:

	1969	1968
Preferred shares:		
Authorized	2,000,000	2,000,000
$4.50 Series A shares:		
Issued	—	75,100
Less, In treasury	—	74,100
		1,000
Class A shares:		
Authorized, less called or converted	1,431,111	1,431,343
Issued	589,813	590,045
Less, In treasury	72,300	72,300
	517,513	517,745
Common shares:		
Authorized	25,000,000	10,000,000
Issued at December 31	9,421,001	7,795,713
Issued January 24, 1969 in payment of 25% stock dividend	—	1,625,000
	9,421,001	9,420,713
Less, In treasury	1,121,843	1,295,713
	8,299,158	8,125,000

On December 11, 1968, the Corporation declared a 25% common stock dividend pursuant to which 1,625,000 shares of common stock were issued on January 24, 1969 to common stockholders of record January 3, 1969.

The preferred stock may be issued in one or more series from time to time with such designations, preferences and rights as adopted by the Board of Directors. During 1969, the 1,000 shares of $4.50 Series A Cumulative Convertible Preferred stock outstanding at December 31, 1968 were converted into common shares and the entire $4.50 Series A issue was retired.

Each share of Class A stock is callable at $40, convertible into 1.25 shares of common stock, and preferred over common stock as to noncumulative dividends not exceeding $2 per share per annum. Of the authorized unissued common stock, 737,266 shares are reserved for conversion of Class A stock.

Under the Restricted Stock Purchase Plan approved by stockholders in 1968, the Corporation in 1969 sold 161,000 shares of treasury common stock to selected employees at a price of $6.34 per share. Under the plan, during periods of restriction shares purchased by employees may not be sold, assigned, transferred or otherwise disposed of except by death. The restrictions imposed on shares sold to employees during 1969 lapse, depending upon the number of shares and age of the individual involved, over periods of from 3 to 31 years. At December 31, 1969, there were 239,000 shares in treasury reserved for future sales under the plan.

Under the Corporation's Qualified Stock Option Plan approved by stockholders in 1965, 128,125 shares of common stock in treasury are reserved for options granted to key employees, including officers, to purchase common stock at $21.30 per share. These options were priced at not less than 100% of the fair market value on the date of grant. The options granted to date are exercisable with respect to one-quarter of the shares covered from the date of grant and cumulatively with respect to an additional one-quarter on each anniversary of the date of grant. The options expire five years after the date of grant. At December 31, 1969, no options had been exercised, options for 94,531 shares were exercisable, and there were 346,875 shares in treasury reserved for the granting of future options.

7. Depreciation. The Corporation follows the policy of providing for depreciation and amortization of property, plant and equipment by charges to income on the straight-line, unit of production, sum-of-the-years digits or declining-balance methods, based upon the estimated useful lives of the respective properties. Depreciation and amortization charged to costs and expenses amounted to $8,539,000 and $6,379,000 in 1969 and 1968, respectively.

8. Pension and Retirement Plans. The Corporation and certain of its subsidiaries have pension and retirement plans covering substantially all employees. The combined annual cost of these plans, including amortization of estimated prior service cost, charged to income was $5,372,000 and $3,722,000 in 1969 and 1968, respec-

tively The increase in pension cost in 1969 was due principally to the initial consolidation of Dorr-Oliver ($980,000) and improved benefits offset in part by changes in actuarial assumptions of one of the plans. At January 1, 1969, the actuarially computed value of vested benefits exceeded the pension trust fund of one of the plans by approximately $38,800,000. Prior service cost is being amortized over a period of 30 years. The Corporation's policy is to fund pension cost accrued.

While the Corporation has certain obligations regarding the funding of actuarial liabilities under certain of the plans, those plans provide that benefit payments are an obligation of the pension trust funds, and not of the Corporation.

Auditors' Report

LYBRAND, ROSS BROS. & MONTGOMERY
Certified Public Accountants

To the Stockholders, Curtiss-Wright Corporation:

We have examined the consolidated balance sheet of Curtiss-Wright Corporation and Subsidiaries as of December 31, 1969 and the related consolidated statements of earnings, retained earnings, capital surplus and source and application of funds for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. It is not the general practice of the United States Government and certain companies to confirm accounts receivable; in the absence of such confirmation, we satisfied ourselves as to these amounts by means of other audit procedures. We previously examined and reported upon the Corporation's consolidated financial statements for the year 1968, which have been restated as described in Notes 1 and 3 to the financial statements. We did not examine the consolidated financial statements of Dorr-Oliver Incorporated and Subsidiaries for the two years ended December 31, 1969, which statements were examined by other public accountants whose reports thereon have been furnished to us. Our opinion expressed herein, insofar as it relates to the amounts included for Dorr-Oliver Incorporated and Subsidiaries is based solely on such reports.

In our opinion, the financial statements mentioned above present fairly the consolidated financial position of Curtiss-Wright Corporation and Subsidiaries at December 31, 1969 and 1968, and the results of their operations and source and application of funds for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

2 Broadway, New York, N. Y., March 6, 1970

Lybrand, Ross Bros. + Montgomery

Curtiss-Wright Corporation and Subsidiaries

Five Year Summary

(In thousands of dollars)

Performance:	1969	1968	1967	1966(a)	1965(a)
Net sales	$295,009	$200,068	$173,710	$149,855	$152,659
Income before taxes on income	$ 19,074	$ 20,254(c)	$ 18,989(c)	$ 13,484	$ 11,608
Federal and foreign income taxes	$ 6,800	$ 8,500	$ 7,705	$ 4,497	$ 3,526
Net earnings	$ 12,274	$ 11,754(c)	$ 11,284(c)	$ 8,987	$ 8,082
Special and non-recurring credits to earnings	—	—	—	$ 716	$ 783
Net earnings and special credits	$ 12,274	$ 11,754(c)	$ 11,284(c)	$ 9,703	$ 8,865
Net earnings per average common share(b)	$ 1.36	$ 1.30(c)	$ 1.22(c)	$ .90	$ .69
Special credits per average common share	—	—	—	$ .09	$ .08
Net earnings and special credits per average common share(b)	$ 1.36	$ 1.30(c)	$ 1.22(c)	$ .99	$ .77
New orders received from our customers during the year	$351,642	$215,605	$206,146	$172,263	$146,705
Unshipped customers' orders on hand at year-end	$292,273	$179,995	$164,458	$132,022	$103,873

Year-end Financial Position:	1969	1968	1967	1966(a)	1965(a)
Current assets	$168,917	$147,102	$145,050	$154,826	$145,780
Current liabilities	$ 77,844	$ 50,997	$ 44,020	$ 47,566	$ 36,793
Total assets	$290,139	$240,639	$218,456	$211,889	$230,326
Shares of stock held by stockholders at December 31:					
$4.50 Series A Cumulative Convertible Preferred	—	1,000	75,100	—	—
Class A	517,513	517,745	525,245	546,145	586,265
Common(b)	8,299,158	8,125,000	8,125,000	8,125,000	9,383,337

Financial Ratios and Other Data:	1969	1968	1967	1966(a)	1965(a)
Percentage return on stockholders' equity	7.2%	7.1%	6.7%	6.1%	4.6%
Dividends per share paid to common stockholders(b)	$ 1.00	$ .80	$ .80	$ .80	$ .80
Earnings after dividends for future growth	$ 2,945	$ 4,046	$ 3,571	$ 2,067	$ 76
Ratio of current assets to current liabilities	2.2 to 1	2.9 to 1	3.3 to 1	3.3 to 1	4.0 to 1
Depreciation on plant and equipment	$ 8,539	$ 6,379	$ 5,235	$ 4,833	$ 4,930
Approved for new plant and equipment	$ 28,184	$ 23,755	$ 26,893	$ 9,436	$ 7,033
Salaries and wages paid to our employees	$109,825	$ 82,975	$ 70,346	$ 67,376	$ 65,257
Number of employees	12,362	9,356	8,547	7,514	7,940

(a) Restated to reflect an acquisition in 1967 accounted for as a pooling of interests.

(b) Outstanding common shares and amounts per common share reflect the 25% stock dividend paid in 1969. Net earnings per common share in 1965, 1966 and 1967 are after giving proforma effect to dividends that would have been paid on $4.50 Series A Preferred stock issued in July, 1967 in a pooling of interests.

(c) Restated to reflect the Corporation's equity in Dorr-Oliver Incorporated.

1969 ANNUAL REPORT

Curtiss-Wright Corporation • One Passaic Street • Wood-Ridge, New Jersey 07075

Officers:

T. ROLAND BERNER, *Chairman and President*

S. D. BRINSFIELD, *Executive Vice President*

JOHN B. MORRIS, *Senior Vice President*

SEYMOUR S. BITTERMAN, *Senior Vice President*

CHARLES E. EHINGER, *Vice President*

ARNOLD F. KOSSAR, *Vice President*

CARL S. SHERMAN, *Vice President*

FRANCIS E. FALLON, *Secretary*

MARTIN A. SHERRY, *Treasurer*

HERBERT C. GIESLER, *Controller*

DAVID LASKY, *General Counsel*

Board of Directors:

T. ROLAND BERNER
Chairman and President, Curtiss-Wright Corporation

JOHN S. BULL
President, Moran Towing & Transportation Co., Inc.

F. THATCHER LANE
Director of various corporations

EDWARD McSWEENEY
Partner, Edward McSweeney Associates

JOHN B. MORRIS
Senior Vice President, Curtiss-Wright Corporation

DONALD C. POWER
Chairman of the Board,
General Telephone and Electronics Corporation

LLOYD H. SMITH
Oil and Gas Producer

DR. JESSE WERNER
Chairman of the Board and President,
GAF Corporation

EDWARD E. WHITE
President, Spencer, White & Prentis, Inc.

TRANSFER AGENTS:

Class A Stock
Chemical Bank,
20 Pine Street, New York, N.Y. 10015

Common Stock
First National City Bank
111 Wall Street, New York, N.Y. 10015

Class A and Common Stock
Commercial Trust Company of New Jersey,
15 Exchange Place, Jersey City, N.J. 07302

REGISTRARS:

Class A Stock
Manufacturers Hanover Trust Company,
40 Wall Street, New York, N.Y. 10015

Common Stock
Bankers Trust Company,
16 Wall Street, New York, N.Y. 10015

STOCK EXCHANGE LISTINGS:

Common Stock
New York Stock Exchange (Symbol: CW)

Class A Stock
New York Stock Exchange (Symbol: CW A)

MANUFACTURING FACILITIES LOCATED IN:

Caldwell, Carlstadt, East Paterson,
Jersey City, Wallington
and Wood-Ridge, New Jersey

Buffalo, Farmingdale, Hempstead,
Long Island City
and Smithtown, New York

Stamford and Windsor, Connecticut

Cincinnati and Cleveland, Ohio

Addison, Illinois

Hazleton, Pennsylvania

St. Louis, Missouri

Los Angeles and Vernon, California

Orillia and Toronto, Canada

Nassau/Lahn, Germany

São Paulo, Brazil

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CURTISS WRIGHT
CORPORATION
Wood-Ridge, New Jersey